

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-13 ISO-00 AID-05 CEA-01 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 SP-02 STR-05
TRSE-00 LAB-04 SIL-01 OMB-01 L-03 SS-15 NSC-05
PA-01 USIA-06 PRS-01 INT-05 /109 W
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FM AMEMBASSY BRUSSELS
TO SECSTATE WASHDC 3199
INFO ALL EC CAPITALS
USMISSION GENEVA
AMEMBASSY TOKYO

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USEEC

PARIS ALSO FOR OECD; GENEVA ALSO FOR MTN

E.O. 11652: N/A
TAGS: ETRD, EEC, US
SUBJECT: STEEL - PROPOSALS FOR REFERENCE PRICES ON IMPORTS

1. IN DISCUSSION WITH CHARGE NOV 16, COMMISSIONER HAVERKAMP'S CHEF DE CABINET FROSCHMAIER INDICATED THAT EC PARTICIPANTS WERE SATISFIED WITH RECENT DISCUSSIONS ON STEEL QUESTION WITH USG OFFICIALS. HE STATED THAT THE ESSENTIAL MESSAGE CARRIED BY THE EUROPEANS WAS THE HOPE THAT THE US WOULD BE VERY CAREFUL NOT TO LET IT APPEAR THAT IT WAS IMPOSING UNILATERAL MEASURES BUT RATHER THE DECISIONS WERE TAKEN ONLY AFTER DISCUSSIONS WITH TRADING PARTNERS.

2. CONCERNING THE IDEA OF A REFERENCE PRICE, EUROPEANS HAVE NO PROBLEM IN PRINCIPLE. HOWEVER, SINCE RETURNING

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TO BRUSSELS, COMMISSION OFFICIALS HAVE BEEN IN TOUCH WITH EUROPEAN EXPORTERS AND HAVE RECEIVED THE CLEAR MESSAGE THAT THE EUROPEANS COULD NOT LIVE WITH REFERENCE PRICES 5 BELOW US LIST PRICE. ON THE OTHER HAND, ACCORDING TO FROSCHMEIER, THE MORE COMPETITIVE EXPORTERS COULD LIVE WITH 7.

3. FROSCHMAIER ADDED THAT EC TECHNICAL EXPERTS ARE CURRENTLY IN THE US EXPLORING THE US REFERENCE PRICE MATTER IN MORE DETAIL AND IT IS NOW CONTEMPLATED THAT FERNAND BRAUN, DIRECTOR GENERAL OF DG III, WILL ACCOMPANY HAFERKAMP ON HIS VISIT TO THE US BEGINNING NOV 28 TO SUPPLY EXPERT ADVICE DURING DISCUSSIONS OF POSSIBLE REFERENCE PRICE FORMULAS AND OTHER STEEL QUESTIONS.

4. IN A SEPARATE CONVERSATION, DG III OFFICIAL HANS KUTSCHER, WHO ATTENDED A NOV 15 MEETING BETWEEN COMMISSIONER DAVIGNON AND EUROFER REPRESENTATIVES, TOLD MISSION THAT EC PRODUCERS WOULD HAVE SERIOUS PROBLEMS WITH A REFERENCE PRICE 5 PERCENT BELOW US LIST PRICE. PRODUCERS SAID THIS WOULD EFFECTIVELY LIMIT EC SALES TO COASTAL REGIONS AND THAT EVEN IN THESE REGIONS US COMPETITORS COULD EASILY MEET COMPETITION BY ADJUSTING DOWNWARDS. MORRIS

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Message Attributes

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